THE BROOKINGS INSTITUTION

RETOOLING FOR GROWTH IN AMERICA'S OLDER INDUSTRIAL AREAS

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P R O C E E D I N G S

MR. BROPHY: Why don't we begin. I'm David Mortimer. And I'd like to welcome you on behalf of the American Assembly, which commissioned this superb book, Retooling for -- well, actually you have it here -- Retooling for Growth, edited by Rick McGahey and Jennifer Vey, as part of a project of the same title.

The timeliness and prescience of the book to our nation's interests is extraordinary, and you'll exactly why from our panelists this afternoon.

The volume is one of the most substantive and substantial in the American Assembly's series, with its 28 authors and 14 chapters. The project which is ongoing, is directed by Paul Brophy, whose brief bio is somewhere before you.

He's been very modest. Paul has shepherded the Assembly through several programs and directed three of them, so we're -- it's an ongoing relationship that we're very proud of.

The Retooling for Growth Project, for which this book was commissioned, involved 56 participants who met in Hershey, Pennsylvania. We have a few of those participants here in the group. They met for three days and read the first drafts of the chapters as background.

They could not have been better prepared. The hallmark and the discipline of the American Assembly process is to have participants of varying views after three days of intensive discussions to actually come to some conclusions, which they did, and you've got a copy of their report in your -- on your place before you.

Their findings and recommendations are also in an appendix in the book. Now, if you'd like copies of -- additional copies in any quantity of that report, please let the Assembly know, and we will send them to you.

For those of you who do not know the Assembly, it was founded by Dwight D. Eisenhower in 1950, when he was President of Columbia University, which is 34 years after Robert Brookings founded the organization that would become our esteemed co-host for this celebration.

I want to thank Bruce Katz, who isn't here today for lending us Jennifer for our project, and the Metropolitan Planning Program's tireless work on behalf of metro areas in this nation.

Also Brookings Institution Press, the book’s publisher, was a pleasure to work with, and produced the book extraordinarily in our -- in our experience exactly on time, for which we are very grateful for Bob Ferridy who’s with us and Janet Walker, and thank them for getting the book in.

In our office, Megan Wynn did all the heavy lifting with the authors and the copyeditor.

I also would like to thank Kathleen Kruzilniki of the Metropolitan Planning Program, Chris Kellerher and Susan Soldavid, who actually made this meeting possible, and as well as the nice reception that we’re going to have across the hall after the panel discussion.

The project and the book were funded by Bank of America, the Ford, Rockefeller, William Penn, Kresge, and Surdna Foundations, and J.P. Morgan Chase. We simply would not be here without their help, and for which we are grateful.

I’m now honored to introduce the book’s incomparable co-editors. Jennifer and Rick, without whom none of this would have been possible. The

Assembly indeed was fortunate. Their efforts on the books were nothing short of Herculean. They identified, signed up, and then served as a point of contact with their esteemed authors, several of whom are here with us.

They shaped the framework and the message of the book. In addition to their editing duties, each contributed their own excellent chapters and has provided invaluable assistance and advice in assuring that the book gets into the hands of the people who need to see it.

Retooling for Growth can and should be a force for change. The Assembly's program couldn't ask for a better legacy. Now, Jennifer and Rick. Thank you.

(Applause)

MS. VEY: And thank you all for coming here on this somewhat gloomy April afternoon. We're hoping for better weather soon.

And I also want to reiterate some thanks myself to David and Megan at the Assembly for helping put this all together and to make this book possible; certainly to Paul Brophy and all his valiant efforts;

to Rick, my co-editor; and to the press; and to, of course, all the authors of the book who just did a fabulous job. Rick and I were really pleased when we got our first drafts in for all the chapters and said, “Wow, this is -- this makes our job really easy, because this is a really solid, fabulous grouping of papers.”

So what I’m going to do here is lead us off a little bit by sort of emphasizing why this topic, this Assembly topic, is really so timely and important and why particularly really in this election year, the nation’s national and state and local leaders really need to be focusing on how to reinvigorate the economies of our older industrial areas.

First, what I want to talk a little bit about is what kind of communities are we talking about here. What do we mean when we say older industrial areas?

And what this map shows is some work that was done, predominantly by the folks at George Washington University, several of whom -- Pam Blumenthal and Hal Wolman-are here, to really try to identify the types of places that we’re talking about.

I mean, I think there’s some sense that you know kind of some of your more economically distressed areas when you see them, but we really wanted to do an empirical analysis to identify them.

And this analysis was then, hence, used in several, not all, of the chapters in their discussions of older industrial areas, and this was the analysis. It was actually a focus of a my chapter, and there’s also a chapter in here by Hal Wolman, Ned Hill, and some colleagues that actually discussed these areas in more detail.

But as this map actually shows, we started out with 302 U.S. cities, and, from that, using a range of economic indicators, including things like employment growth, growth in the number of establishments from ’90 to 2000, as well as residential economic wellbeing indicators, things like poverty rate and growth in income.

And we looked at all 302 of these cities. These were cities over 50,000 in population across the country. And based on that, we looked at those that actually sort of fell in the bottom third on two different indexes.

And what we wound up with, as you can see on this map, is this grouping of 65 cities that are essentially underperforming economically.

And, as you can see, there’s a heavy concentration of these cities here in the Northeast and Midwest, and when we sort of, after the fact, went and looked at what was the industrial structure of these places, not surprisingly most of them were indeed older industrial areas; hence, the moniker that’s used for this project.

And what’s a really important piece of this work is not just that we identified these somewhat struggling cities, but the fact that the majority of these cities are, in fact, located in an economically weak region. And what this research really strongly demonstrates is that cities and their suburbs are in it together, and that when we talk about the strategies to reinvigorate these places, we really need to be focused on the regional economy, and not just the economy of the cities and certainly the cities and suburbs shouldn’t be at odds with each other, but they need to be working together to really focus on driving their competitiveness moving forward.

Several forces -- and none of these I think are going to come as much of a surprise -- are actually contributing to the underperformance of these areas.

First of all, deindustrialization over a number of decades has left these older communities still struggling to find their economic niche. This economic change is then, in turn, been exacerbated by negative demographic forces and then a series of unbalanced development patterns that have basically created this vicious cycle of decline, whereby growth continuing to move out towards suburban and fringe communities; at the same time, you have higher poverty rates and economic decline in the cores.

Finally, these major forces, these major economic and these major demographic forces, certainly were prevalent, but there was also a role that public policy has played over a number of decades as well, and that federal and state and local policy ranging from federal policies that have helped concentrate low-income housing in the core, for example, to state policies that have subsidized fringe development at the same time that their core communities are spiraling downward, to just basic local inefficiencies, ranging from everything from how development is done to picking up the trash and implementing other basic services, have then just helped exacerbate some of these major market and demographic forces that have really been in play over a period of time.

But certainly the major point that we really want to emphasize here and that really is the whole point of this book and the work that numerous organizations are doing to really focus on how you reinvigorate these places is that these cities really and their regions have a lot of assets that can be built upon.

They have certainly a number of physical assets that are well recognized. Many are on waterfronts that may or may not have yet been redeveloped. They have a strong transit infrastructure, some of which might have deteriorated over time, but it still exists and can be built upon.

They have a lot of interesting architecture and historic buildings.

They also have a number of economic assets.

While they lost a lot of their jobs over time, most of them still are indeed employment centers for their larger regions. They certainly have downtown cores, and that's where we're seeing a lot of the seeds of redevelopment in a lot of these areas. And they have a strong concentration of educational institutions, medical facilities, and other anchor institutions that are really playing a key role in the reinvigoration of these economies.

Finally, they have cultural assets, which I think are very well known. It's most -- in most regions, it's the vibrant street life. It's the museums. It's the dance companies. It's the professional sports teams and other things that are still a draw for people from their surrounding region and from all over to these areas.

So, these places have all these assets, but they've had them for some time, but yet we've still seen continued decline. So what's different? Why is this really the moment for change and why is this the time that we really need to seize upon it?

And there are a number of reasons for this. First of all, there's a series of demographic trends.

We have a growing population in this country. We have a growing immigrant population. We have an aging population, all of which we're starting to see has -- having -- make -- starting to make some different choices in where they want to live; and throw in now rising gas prices and other things that are starting to add additional opportunity.

But what this is basically doing is giving these areas a chance to compete for new residents, areas that have really lost significant population over time. This is young professionals that are starting to show some preference, at least some in more urbanized living, childless couples, baby boomers, and other empty nesters who may want to be -- are starting to reinhabit these places as they look for more walkable communities. Certainly new immigrant populations continue to go to a lot of these places, mot just within the cities themselves, but also in their suburbs as well; and others.

But in addition to these demographic changes, we're also seeing a series of economic trends that are really starting to influence and provide additional opportunity for these cities in these areas to really start to be more competitive in the new economy.

First of all, this graph is no surprise to anyone certainly, that we’re seeing over time, as I noted earlier, this decline of manufacturing at the same time you see the major ramp up in the services sector.

And what this has done predominantly is -- it really means that there's a greater demand for more highly educated and highly skilled workers, and this graph basically just shows different occupations and the percentage of B.A. attainment in each of them.

And, in fact, this book in nearly every chapter, not quite all, but in almost all, there is some discussion of what Randall Kempner calls in his chapter the talent imperative; what in the International Economic Development Council they talk about building on the human assets in several of the chapters, including Mark Turner’s chapter and Ann Markison’s chapter there’s a discussion about building on occupations in areas.

So this is -- this focus on building talent and how to do that is so important, and, again, a major focus of the book.

So what all these economic changes are starting to do is really revalue a lot of the density of these urban and these metropolitan communities -- revaluing their waterfronts and other amenities, as I alluded to earlier; the role that education and medical institutions and anchor institutions are playing -- that continuing growing role; the creativity, the diversity, and all the factors that sort of lead to these agglomeration economies and the exchange of ideas, and the attractiveness of a lot of these areas that we're just beginning to see really help spur their revitalization.

And finally, in addition to the demographic trends and the economic trends, there is also a growing political environment that's really offering these places sort of a major advantage, something they can really take advantage of.

First of all, we're seeing progressive state and local leaders that are really recognizing and then, in turn, acting upon the link between strong cities and regional competitiveness and the recognition of the importance of regional competitiveness and the interdependencies between cities and suburbs is moving to the fore.

Foundations and philanthropies are increasingly supportive of projects that really focus on these weaker market cities as opposed to just focusing on some of your hotter housing markets and some of the issues that they're facing; community development organizations that are increasingly looking at more market-based solutions to a lot of the problems that are facing neighborhoods; and the environmental and smart growth leaders that are really starting to see the nexus between their set of issues and the reinvigoration of older, more established communities.

So with all this, I’m going to pass it on to Rick to actually talk about how, in this great moment that we have to really try to improve the competitiveness and revitalize these areas, how do we go about doing it and what we can learn from this book and from the many chapters therein. Thank you.

(Applause)

MR. McGAHEY: Thanks, Jennifer. Jennifer has laid out the situation facing these older cities and regions pretty well. It may still come as somewhat of a surprise to -- these pictures are great; right? So that's Cleveland in the upper right-hand corner, and that's a new building. That's not something that's falling down.

And again, if you've been to some of these cities, you'll now see that there are things going on that would surprise you, given I think what the popular image of them is.

And the papers in our book, Retooling for Growth, contain a lot of detailed analysis and policy discussion, which I am not going to try and recap all of here, one in hopes that you'll actually buy the book. And this morning, I won't tell what number we were on Amazon, but it was pretty high, so -- but they were temporarily out of stock, which I guess is a good thing.

And I can move this slide by doing that? Yes.

So I only have only one slide that you're stuck with. We could flash back to some of those pictures if this goes on too long.

This shows -- this slide shows the four

elements of what the authors I think can help growth in these regions. I'm going to talk about each one in a moment, but first I want to concentrate on one other thing the slide says, which is who needs to do these things. And, as the slide says in the upper orange corner there, national, state, regional government, economic development, business and civic leaders must work together. Well, that sounds simple; right?

But you mean this isn't just waiting for the federal government to come in and transform the cities or it's not just waiting for the private sector to work market magic or having cities pull themselves by their own bootstraps? No, it's not.

It means that everyone in a region needs to work together. That's profound, huh? For those of you with little kids, that's what they tell them in kindergarten. Right says, "everybody work together and play nicely." And sometimes they do, and sometimes they don't.

And, of course, this sounds easy, and it's quite difficult for variety of reasons. In many regions, cities and the surrounding suburbs see themselves as competitors for growth or opponents over resources on issues of revenue, of infrastructure, or racial equity, and segregation, not as partners.

This limits their view of what they should do. They can often be so busy fighting among themselves that they miss their real external competitive situation.

I once spoke to someone in Buffalo, New York, and asked who he thought his competition was, and he said, "Rochester, New York." And from a traditional, classic standpoint that's probably right if you're fighting over where does the factory go. But, in reality, that's not. They're part of the Great Lakes economy, and their competition is international.

So getting their sights up above their immediate concerns, which is quite difficult and especially difficult in a time when their fiscal situations are under pressure and their economies are slipping back. It's hard to do, but it's doable.

And second, the other problem with just the governmental solution alone is that it's just competing jurisdictions. The economic map in a region is not the political map.

If you thin about a region like Pittsburgh, Pennsylvania, to just take one example, but this would be true in almost any of these regions, and you drew the map of the economy, and then you drew the map of the governments, there would be in the Pittsburgh Standard Metropolitan Statistical Area in 2002, there were 905 separate governmental units of one sort or another. That’s city governments, towns, counties, elected school boards, water and sewer districts, port authorities, airport authorities, special purpose districts, and the list goes on and on. And all of whom are not likely immediately to sort of give up when they're faced with tremendous operating challenges and aren’t the ones they're going to give up.

So it’s not something that government -- it’s my own view -- can reform on its own. There are too many incentives for them to think about themselves as competitors and not as really in it together, as Jennifer said quite well.

The reality, I think all the authors would agree, that, in fact, you can’t have a healthy regional economy without a healthy city at its core and vice versa.

But so much of urban practice and our regional practice over the past several decades has turned that in opposite directions where the fight with each other.

That’s the kind of gloomy picture, but let’s -- oh, I didn’t mean to do that yet -- let’s see if I can go back. All right.

So the first of the green boxes is focused on promoting regional equity. So I’m trying to figure out what I think are maybe a few surprises for folks here. This one may come as a surprise: standard microeconomics teaches us that equity and growth are tradeoffs. They're not things that go together automatically. But many of these older regions have large populations who have been poor for a long time. They're racially divided in industrial communities where incomes are falling.

If equity cannot be part of your growth strategy, it’s going to be very hard to implement and without having broadly shared prosperity, it’s going to be hard to sustain it.

One of the papers in the book by Manuel

Pastor and Chris Brenner is very important in this regard. It presents both empirical evidence and some good case studies about the interdependence of equity and growth in these regions. And if you think about the converse, that makes some sense.

Declining incomes, racial polarization, and concentrated poverty are not only symptoms, but causes of decline. That is -- in that situation, as the tax base collapses, it's harder to recruit or develop industry. It's harder to run a decent school and education system. And Pastor and Brenner suggest, like others -- the authors -- that several strategies that folks should look at. There's also an excellent paper by Angela Blackwell and a colleague from Policy Link that gives again concrete examples from around the country about strategies like effective workforce development, more contracting opportunities for minority and women business organizations, digital inclusion and school and education change.

Now putting equity as a core part of growth is novel, but we think essential. Without it, it's hard to generate the broad political support that you're going to need to reform these regions, but at the same time, there’s actually a challenge to traditional community organizations as well, who often have thought or approached the economy in redistributive mode. That is the economy generates wealth, and then somehow that that could be redistributed in a way that can help less fortunate people. There may still be arguments for that, but the arguments in this book are saying more what are economic development strategies that can engage those low-income residents. What is their role in the economy of the future? Where does their region fit in, and not see the process of equity solely as an extraction through the tax system, but really something where they can be directly tied into the way the economy is working.

Okay. Our second button here. I’ll try and move a little quicker.

Investment development of new and existing businesses. Sounds good. While the use of economic development subsidies are necessary, transparent, and fair and accountable to taxpayers. Again, well, isn’t that what most economic development is. You ask a lot of people I think and say, oh, yeah, I give -- I offer a tax break and I get a factory to move in from out of my jurisdiction or increasingly I try and get somebody to stay and not leave my jurisdiction. And these relocation subsidies can be part of a strategy, but the reality of that practice is changing a lot now. There's an excellent paper by Jeff Finkel and Sherry Darmaize and Sherry Nork in here that talks about the reality of what economic development practice is now. We still have this image of these tax subsidy deals because that's what gets in the news a lot-who got the auto factory.

But the reality is that most economic development practice now focuses on the existing businesses and clusters and sectors of specialization within their regions. And we think that's a good thing and ought to be encouraged.

Transparency on subsidies. Subsidies -- one story among many from my home town, Kansas City, which shows again partly why governments can't solve this themselves. The Applebee's Restaurant headquarters in Kansas City in 2005 was looking for a new headquarters and they started bidding suburbs in Kansas City against each other with tax breaks.

By the time they got done, Applebee's had received $12.5 million in local tax benefits, plus $14 million from the State of Kansas so they wouldn't move to the Missouri side of the region. This is all one pretty much economy in Kansas City. It's about $26.5 million. The headquarters ended up moving 10 miles, from one suburb to the next on the Kansas side of the border. Regrettably, this is not a unique story.

New York City, not certainly a declining region, gave a huge amount of money to J.P. Morgan Chase, I believe it was, to stay in lower Manhattan, and it was said in the newspapers that if they didn't get that, they were going to move to Bridgeport, Connecticut, I think. And some reporter -- this is the due diligence required -- called the mayor of Bridgeport and said, "we've never spoken to them." But they gave them the subsidy anyway.

So these subsidies, which are actually quite out there now, and this is something that I think lots of folks agree on. There's actually a wide consensus among economists, from very conservative microeconomists to much more liberal interventionist types that this kind of subsidy practice is inefficient. It doesn't create jobs; is a misuse of public resources and it needs a lot more transparency. It's not saying that subsidies can't be a good strategy. In fact, they have to be a strategy for some of these older cities, but they have to be done intelligently. And that's hard for them sometimes because they get played off against each other by folks. But there are strategies that can make this work.

Third bullet. Jennifer mentioned it. I could go on endlessly probably, but it would be bad -- about workforce development human capital, a critical element here, and one that's been separate from economic development strategies for a long time. The smarter regions are thinking how do we tie our workforce development, which we mean broadly, not just the Labor Department programs, but your community colleges, your post-high school programs, and the very training that private companies do as well, particularly for workers who are out of high school. K through 12 education gets a lot of attention. It's very important. But 60 to 70 percent of the workforce in these regions for the next decade is already done with high school or is in the last year or so of it. There needs to be workforce programs in other areas.

There are several good examples. I don't have time to go into detail on a lot of them. Randall Kempner's article talks in some about the wired programs that the U.S. Department of Labor has run, which have been I think very well designed. They are regional applications. Wired puts up a pool of money, but requires states to bid on behalf of their regions. They need to see an integrated regional approach that ties the workforce training to economic development. It needs to have matched local resources, and there are several very good projects out there -- Flint, Michigan, the one that's centered by the Charles Stewart Mott Foundation, is doing a great job and some other ones.

A little plug for something that we at Ford and several other funders are doing, what we call the National Fund for Workforce Partnerships. We, along with the Knight, Casey, Hitachi Foundations, and the Labor Department as a partner and Microsoft Corporation have launched what's now about a $30 million fund to encourage workforce partnerships in regions that have a lot of this focus.

We're going to fund up to 40 of these around the country, and they share a lot of these same principles, because the issue in workforce -- there is a need for more money in it, but again, like a lot of public systems, it's fragmented. Pennsylvania in 2002, they say there's $1.2 billion in workforce development broadly conceived. That's the good news. It was in 49 separate funding streams scattered over literally hundreds of entities that deliver the money. So that some coordination around a strategy, and, again that involves not just governmental stakeholders, but non-governmental stakeholders -- business organizations, civic groups, and others have got to get this vision and really keep the pressure on. Even the governments that want to do better by this are in a fragmented system and are having to juggle. You'll hear from a mayor who's on the front lines of this stuff later on. They've just got a million things coming at them. It's not a problem that government can solve on its own, but finding ways for these other groups to work effectively and philanthropy to work with political leaders that want to address these problems.

Probably the last one -- one last surprise -- manufacturing. Jennifer showed you that graph. There's less manufacturing employment in the economy. But as a share of output, it's still pretty strong, and in these older regions, it is still very, very important. And to walk away from the manufacturing base in these places means that you're walking away for a quarter of century really in some cases for economic revival I think. There's a great paper in here by Dan Lorgan and Joel Rodgers that differentiates between what they call high and low road manufacturing. Low road manufacturing is difficult to keep if it's purely cost basis, but if you're a manufacturing firm in the United States in these older cities, and you're still thriving after the battering you've taken for the last decade, you're doing something right. You've got some capabilities and skills. New sectors, like alternative and green energy, medical devices, electronic components for automobiles and various types of consumer goods all hold some promise there.

So the last and I hope somewhat surprising message is that among the sectors you look at isn't just manufacturing. This often gets played in manufacturing versus something else. In fact, if you look at a lot of the manufacturing that stays, it has a lot of high-end design services, computer work and other things that go along with it. But people should not give up on that sector as well as some other sectors that are talked about more in the book.

So that's the brief outline of what's in here, and, again, I'll just reiterate a couple of the points that the equity issues really are central, but tied into a vision of economic growth; that business clusters and sectors need to be supported with more transparent policies, which can include subsidies. Sometimes these bad subsidy stories make you think that it's a claim not to use subsidies. That's not I think what most of these authors -- it's certainly not what I would think that that's -- it's a weapon that has to be in the arsenal of any region that's working to revive itself, but just done more intentionally and more intelligently.

Human capital policies across the board are critical and don't give up on these sectors like manufacturing, infrastructure, and a couple of other ones which are really vital to these regions.

The challenges are many. There's fragmented government structure. It's fragmented horizontally among workforce, economic development, infrastructure, and vertically -- local, state, regional. I've said a couple times, they can't solve it themselves, so the non-governmental stakeholders, business organizations in particular, but also labor unions, foundations, and others need to play and provide a sustained voice.

And the last thing I think that the authors would agree is necessary, which is to help these regions get and sustain their own regional identity, to think of themselves and understand how they are all in this together and that they are not the suburbs of the city are not its enemy. They are in this together in the new global economy. There are promising examples of ways that these cities and regions are finding to work together to address that and they need to keep doing it in the future.

And with that, I think I turn it over to Paul, and we hear from some experts.

(Applause)

MR. BROPHY: Thank you, Rick. I’m Paul Brophy, and let me just say what an honor it’s been to be the director of this project with the American Assembly and Brookings. Let me ask the panelists to come forward, because I’ll make a few remarks, but we’ll get right into the panel discussion.

While they're coming up, let me just suggest a format here. What I’m going to do is tell you how the American Assembly used this book and then ask for some reflections from our panelists and a little discussion from them and then we want to spend some time getting your reactions, impressions, questions, both for the panelists and for the co-editors and there are also some authors in the room of the book, and we have a general discussion.

But again, thank you to the Assembly. Thank you to Jennifer and Rick for putting this wonderful book together. I’ve actually pre-tested it. I had been teaching a course in economic development at the University of Pennsylvania’s City Planning School and have been using the chapters as readings for the students, and I’ve been getting extraordinarily good feedback on the value of these readings. In some respects, we’ve not had this kind of thing which presents kind of a broad agenda both in terms of the findings that the chapters report on and some of the policy recommendations that the other chapters report on. It’s a very useful kind of soup to nuts overview of what older industrial cities and areas need to do to tackle their future.

What we did at the Assembly and the way the Assembly works, David highlighted this, I’ve been through this three or four times, this is a very steep process. The way this works is that the Assembly, a group of 50 or 60 people, meet over the course of three days, and the group ends its deliberation at roughly noon on a Saturday, and by 6:00 a.m. on Sunday morning, those deliberations are turned into a draft report, which the group then reviews on Sunday morning and by the time the group leaves, the report is completed in draft form. And you have that before you.

What we did was used the text in draft form as the food for thought that this group worked through. And the report that you just heard summarized by Jennifer and Rick was very much the basis for the Assembly report. And our work, as we framed it, comes into three general buckets.

One what we derived from the content of the chapters and our own thinking was first we need lots of work in these places to improve the quality of place. And I think you'll see that in Jennifer's chapter, as she focuses on what states need to do is to help that to happen.

And secondly, you heard it just now from Rick, we need to develop the human capital. The talent and (inaudible) in these places is very important.

And thirdly, we've got to create businesses and grow businesses in these places. Sometimes that's manufacturing. Often that's helping these places move into the knowledge economy and that'll vary from place to place.

Well, I focus on those buckets because in some respects the panelists that I'm about to introduce, while they're all capable of speaking to all three of those buckets have specialties in many respects in each of those.

Mayor Chris Doherty from Scranton has taken major strides to improve the quality of place in that city, and that metropolitan area is increasingly competing more successfully because of the work that he’s done. I won’t read through his whole bio. It’s in front of you, but you can see there’s $300 million in new construction and then the rehabilitation of historic structures, changing the whole look and feel of the central business district using a park strategy, improving neighborhoods.

All of that is about improving the quality of place because what we’re coming to understand more fully is that these older industrial areas have remarkable assets. They need to improve the quality of the place. They need to herald that because, in part, it ties into the second agenda if we’re going to attract and hold the talent that’s needed in these places to be able to stimulate the economy, help grow it, and we need to attract places where young people want to live.

I have a college-aged daughter who I recently said to when you’re finished school, where do you think you want to live. And she said, “well, Washington, maybe Charlotte, maybe New York City.”

And I said, “well, why not Cleveland, Pittsburgh.” I went through my older industrial areas, and she said, “well, my friends aren’t going to likely be there.”

Okay. Well, how do we cluster these places, make them attractive, get them on the Face Book list so that the kids begin to consider living in these places because the housing’s a bargain in most of them. And so how do we reach out? How do we manage the talent imperative, and Mark Turner has written on that subject. Mark, the founder and president and principal research associate at Optimal Solutions Group, has a lot to say on that whole talent imperative.

And then lastly, Nick Fleming, who has spent a lot of his career working in the Business Council of New York State, understands as I think the Governor of New York does that New York is really two states. One’s hot. One’s working to move itself into a new economy, and Nick is the President of the American Chamber of Commerce Executives, obviously a group of 1,500 Chambers who work to help position their places as desirable, as favorable business climates, places that are going to help business thrive.

So we've got three different vantage points, and I've each of the panelists to simply give us five minutes worth of reflections on the book, on the Assembly, on what's on their mind related to Retooling for Growth. And I'll hold them to that five minutes, and then we'll open it up for a more general discussion among them and you. Okay?

So let me call on the mayor first for his comments. Chris?

MAYOR DOHERTY: Thanks. The challenges that we face, especially in the older industrial areas in Scranton, I've been mayor seven years now. And we were a city that always lost population, and in return lost tax base, saw property values decrease and a constant outflow. I was one of those people. I went to Holy Cross College and after I got out of school, I lived in New York City; got married; lived in Greenwich, Connecticut; had two kids in Greenwich, and I found myself leaving the house at five in the morning and getting home at eight o'clock at night. And I thought well, this is nonsense. I'm not going to spend the rest of my life not seeing my kids. So I made a choice, and I decided to go back and join a family business. I was fortunate. My father had a company, and I went back into a gift business, and I ended up being very successful at it.

But I decided that I wanted to get into government, and so I became a councilman and then after being four years as a councilman, I thought well, I'm going to take on responsibility and become the mayor. And the challenges we face aren't any different than any other city on the eastern half of Pennsylvania. But the opportunities are tremendous today.

I now have three kids in college and three who are going to come after that. And when they look to go to New York or Boston or the cities on the east coast, they're going to find out what their older cousins are finding out: it's expensive, and they make choices on where they want to live and on what they want to be defined of. You know, if you live in Scranton today, our population is now growing. Businesses are now moving into our city. Our housing rate has increased dramatically, because it was an inexpensive, but people are making choices. Where do they want to live? How do they want to be defined?

How do they want their children to be defined, because this is where they're going to grow up. Their friends are going to be from Scranton. They will be thought of as Scrantonians.

And so we invested in our park system the first thing. I’ve spent $10 million revitalizing all our parks.

When I initially did that, people thought well, that’s crazy. You’re just putting money away. But in reality, the first thing that is cut in cities or has been cut over the last 30 or 40 years was parks. Mayors were -- thought I’ve got to take care of my police and fire. I got to pick up the garbage.

The reality is the worst thing you could do is cut your parks, because you are defined -- when people come to visit your city, your parks aren’t taken care of, they realize that you don’t have any pride in yourself. We have a motto in Scranton called restoring our pride. And so we put money into our parks, and our parks are spread out throughout neighborhoods.

And once I did that, I improved the value of the homes that surrounded those parks. People then saw the value to say well, if I live there, my kids can play across the street. Oh, by the way, the grass is cut. The flowers are growing. There's a new swing set there. There's value in that.

We have one major park in our city. It's called Nayog Park, and it means -- it's near a gorge. It's 165 acres. It has two Olympic-sized swimming pools; and at one time had a zoo. The pools had closed. The zoo had closed. They had a trail that was almost two and a half miles long that have been overgrown. I spent $5 million, and I brought all of it back.

Before I became mayor, the only things you found in Nayog Park were dead bodies and drug addicts. Today, a million people walk through that park. And it's free. They go there to recreate. They go there just to walk, to exercise.

But more importantly, that park defines themselves. And the last thing that park does and all these other parks do, as we see an increase in population, a large immigrant population moving in, this is where they go. This is where people who are new to an area go, especially -- we have a large

Hispanic population coming into our community -- on Sundays, because our Hispanic population works six days a week, and they're saving their monies to buy homes.

And I’ve been a big believer in creating opportunities for those who are new to our area because in 30 years, they will be the ethnic group that will run our area. They will be the mayor. They will be the council people. It’s no different than the Irish and the Germans and the Italians were in Scranton 50, 60 years ago.

And I want them to treat people the way they were treated. Now, that’s really the basis of what it is to be an American. You provide the opportunity for growth and the dream. You were treated well, and so you feel the responsibility to treat other people well.

We have found this to work, but we are faced with tremendous struggles every day. You talk about infrastructure. You know, I have probably 40 bridges in my city. Every one of them has to be repaired. And we depend on federal dollars and state dollars. Our city is 130 years old.

Well, where am I getting the money to build $12 million bridges or $8 million bridges? I have to build -- repair a sewage system. I have to have a water plant.

Cities that are on the northeast part of this country were the original cities. They were the original industrial cities. In my own opinion, this is where the state and federal government have to come in. There’s an obligation to invest back in those cities.

You know, as gas prices go up, you can’t afford to pay someone $30,000 a year and expect them to drive in from a half hour away. They can’t do it anymore, because they can’t afford it, the prices of gas. They’ll want to live in your city, and our cities, in the downtown. So we have an obligation to do that.

But more importantly, it comes back to by doing that you define people by where they live. They define themselves. And if they feel that it’s a place that they are welcomed, they, in turn, will invest in that place not only with their money, but with their emotional capital along with their kids.

And that means the cities will sustain themselves. I believe it works. I've seen it work -- that it does work. And really now, we have to continually do it because if you don't, it's a spiral that goes downward. Crime increases. Property values decrease. People leave. You know, fires go up. It's a downward cycle. But in return, the opposite is true: if you invest in yourself -- if cities and states and federal governments chose to invest in cities, it will work and then people will come back there because they need to come back there. They can only afford to be there.

And for all the reasons that these cities were started originally, usually for some unique component of the economy, in Scranton's case, it was iron and coal. That's why it was started because of natural resources. It's already built. You don't need to rebuild something else or start something else. You just need to reinvest. And if you do it, it'll work.

MR. BROPHY: Mark, the Mayor's making the place happen.

MR. TURNER: Sure.

MR. BROPHY: How are we getting hold of the talent?

MR. TURNER: Well, the -- yeah, just give me a quick background on my perspective. I'm a researcher by training, an economist. I've worked down the street at the Urban Institute and in this short period of time at Johns Hopkins University.

So I come from the perspective of a researcher, but also a business owner. I'm the owner of Optimal Solutions Group, and we employ a little bit north of 50 people, and I just want to reiterate some of the things that Chris was talking about with respect to investment, but then also vision.

My wife gave me -- she's also my business partner -- gave me an article on what it means to be a CEO. And it really just came down to vision and laying out a game plan and then making sure it executed.

And what we try to do I think in writing our chapters, but then particularly when we got together at Hershey a couple of months ago, was to talk about vision. And, you know, what the problems were, but then envisioning what we could do to try and solve the problems of industrial areas and the multiple aspects, you know, from the physical infrastructure to the people and human capital.

And I think we did a decent job capturing it, but there's always a little piece missing, because there's a -- I remember a lot of passion and a lot of vision that really came out in our discussions. And but was really I think is called for is -- I think is lacking on a national basis is the vision. You know, I was talking with David Mortimer before the session and talking about the -- our presidential candidates and how I don't think any of the presidential candidates have really laid out a vision for how to revitalize the industrial areas, the metropolitan areas in our country. And, you know, what it would take. But what really what is the return?

We have a very interdependent economy, and we've see it in the news with respect to the credit markets. And the Fed just pulled out -- put a lot of energy and money into rehabbing one company, because they said that would have a ripple effect. Well, the same thing is with industrial areas, metropolitan areas. You have a drag. I'm from Detroit, and the

Motor City is not doing well. And it's dragging down the state, and we have other metropolitan areas that aren't doing well, and they drag down their surrounding areas.

And so, it's not you can -- the suburbs can cut themselves off. And when it comes to human capital, we're still all very interdependent.

And so we do need a vision. We need to disseminate the vision once it's established about what we can do. But then, it really-this calls for buying into the vision, and recognizing that there is a return on investment from reinvesting in the areas, but then also in the people.

Often times there's an undervaluing of areas, but then of subpopulations, where we don't value African American boys and Hispanic boys and girls as much as we should. But if we don't invest, they become a drag on our economy.

If we do invest, and again, the investments are multiple perspectives, it's apparent parents need to invest, but then the school systems need to invest. The communities need to invest. But if there's an investment, there is going to be returns. But if there's a lack of investment or underinvestment, which I think we do have, it turns out that we end up having drags on the economy, and we all pay the price.

And so, I think what the things that we see that in industrial areas, we just have higher concentrations of places that have prospered in the past, but their infrastructure has deteriorated, where there wasn't a vision of how to keep the return going and how to recognize what -- you know, in the Motor City, we had these plants that were built in the '30s. My father worked in an assembly plant -- an auto -- an engine plant that was I think built in the '30s, and it didn't change. It pretty much looked the same. They changed things around a little bit, but we were competing against the Japanese who had very -- fairly new plants. And now, I talked to an executive from a Japanese manufacturer, and he was saying that he's really nervous about the Chinese, because they have new plants and cheap labor. And so, it really does take vision to recognize where we need to invest and how to take those chances, both on the infrastructure, but then on the people. And we have -- I think we have a long way to go.

And -- but it’s going to take leadership, and it’s going to take time to get there.

MR. BROPHY: Yeah. Thanks. Mick, from a business perspective?

MR. FLEMING: I feel sort of like we’re talking about the wayward kids, when the wayward kids are in the room.

How many people are from these regions that were up on the map? Okay. If you look around the room, you’ll see about roughly half of the hands are up.

Well, a couple of things, one is this issue of the kind of the new era of economic development. You know, it used to be all about the three I’s; right, mayor? It was industry, incentives, and inventory. I mean, you got an industrial park. You got an incentive, and you go after a smokestack. And that was economic development. And now it’s about the three P’s. It’s about people, place, and positioning and that’s what all happens to make these things different.

The challenge in -- as I view it anyway, and this is not -- by the way, most of you don’t know how chambers work. There’s no grand chamber. It’s not like the Catholics; okay? There’s no pope of chambers and archbishops and parishes and stuff. Each chamber is very independent. And they're very different. A lot of you have probably kind of touched the local tourism chamber and gotten a map or a whatever, but the big regional chambers that you talk about that run these cities are big enterprises -- you know, Detroit and Nashville, a hundred employees each, multi-million dollar operations with skilled professionals in every discipline; okay.

And in Scranton, you got a great one there and Austin Burke is really one of the specialists in economic development and land reuse in the whole country.

But, you know, these guys -- they have to -- I guess this is where -- you know, chambers have to actually make all the stuff that’s in that book happen. That’s basically the job; okay? And I mean, everybody, you know, has these ideas, but, you know, there can’t be employment without employers. And everybody seems to forget that. They love employment. They just can’t stand employers, and they beat the heck out of them every day. And so the chamber has to represent that.

In the past, ACC’s old job was helping our chamber guys, you know, essentially in member service, and it was about helping individual businesses get the help they need or groups of business get the training they need or whatever. And the new chambers are all involved, heavily involved, in professional community leadership. They -- the reality of civic leadership is that a lot of the corporate civic leaders, for a variety of reasons that Brookings talked about last fall in their stud on civic disengagement in metro areas -- there’s a ton of reasons -- from Sarbanes Oxley to globalism, to just your calendar’s too full that a lot of the business civic leaders have checked out or at least gone into passive roles or funding roles. They're fine writing a check, but they're not going to go wash the cars anymore.

So the corporate civic leaders are out. The professional civic leaders are in doing the work.

And all of these issues that are in the book, from workforce -- you know, in the morning the chamber exec is taking on workforce issues and trying to fill a pile of nursing opportunities that are available or engineering opportunities, and in the afternoon, they're worried about, you know, land use and zoning deals, and by dinner time, they're just trying to keep the governor from closing some, you know, state office in the region.

So, the -- those are big challenges, and the people is the biggest one. And we just did a fellowship with big -- thanks to the Ford Foundation -- with a lot of the big cities represented, the growth cities and the weak cities. And it was amazing to hear how similar their discussions were about people. Whether you’re a growth market or a shrinking market, you’ve just got to get the talent.

The problem in the old industrial cities is -- I’m just facing this -- an old Buffalo boy -- and I moved -- got a good advance and moved from Buffalo to Syracuse, but now I’m down here, but the reality is that a lot of the growth in these populations had better come from growing your own and keeping your own, because move-in is going to be incremental and just backfilling the holes.

That’s what I believe in most of these older areas. Unless they get some magic, like Asheville, that just decides that it's the Aspen of the East and turns from kind of back country town to cool, and that'll happen in a few places, and they'll be these exceptions you spot all over the country. You know, I mean, you see clusters of miracles. But attraction is not the way to grow these markets. And Shauna Marbury mentions in the book from Cleveland about the need to grow the underserved and underutilized populations because if they don't, they will continue to sh5rink. They must get those who are not engaged in the economy engaged.

MR. TURNER: Thank you, all. Let me -- I want to put one word in play here, which was an important element of the discussion that we had related to the content of the book, and that's entrepreneurship. And I want to raise it in two ways, maybe three ways. One is to grow your own. The second is -- two ways -- second, creating entrepreneurial culture in the community from a business perspective and from a civic perspective -- getting the civics of the organization -- the cities and the metropolitan areas to think differently.

Part of what we discussed is that some of these places -- Detroit's a good example -- have a longstanding culture where the average person was labor, and you had management. And the laborer didn't have to think in civic terms; didn't have to think in entrepreneurial terms, but today we're in a different world. We're a different economy globally. Any thoughts on kind of what the meaning of entrepreneurship might be in a Scranton as you think about that civically in a chamber context as you think about that, because I think it was a theme that ran through a lot of kind of the cultural change from the business perspective and a civic perspective in these places.

MAYOR DOHERTY: I'll address it from the city standpoint. You know, for decades, obviously Scranton is a lot smaller than Detroit, but there's always that thought of or there's that local business that they'll always give to the United Way. They're going to cover everything. And I used to see that. I'd say over the last 20 years, we'd have large manufacturers, but locally owned, that were eventually bought out. And then gone was the $100,000 gift a year to the United Way or they would give money to something else.

And we would all sit back and wait for them to take care of us. And what we've tried to do, and I really believe in this is that you have to make yourself attractive where people make choices that this is where they want to live. And then by them making that choice, then they become invested in your community. We now have seen younger educated people move back to our city because they like it here. And this is where they want to be.

But then you give them the freedom to say how can we help you grow? It becomes a partnership together, with the government and with them, because eventually, they're the ones who are going to run everything. In 10 years, they will be the leaders of our community. But they first have to buy in with their own money and their investment of who they are as an identity.

And that's a change. It's no longer -- Scranton is no longer the regional office for all these little insurance companies. They're all gone.

And so we have to create our identity

ourselves, and by doing that, we then become far more stronger. And you have to get people to understand, too, there are no more home runs. It’s all singles. And it’s going to take time. You know, if you’re thinking that Honda is going to move in and create 4,000 jobs like it did in Tennessee years ago, it’s not going to happen anymore.

We create ourselves, and you have to be patient, but by doing that, you do make yourselves far stronger.

MR. FLEMKING: I think one of the things that’s different about the Northeast and especially the Great Lakes area is this sort of -- on the culture side, on this kind of shame in the failure that makes it very difficult to get investment kind of homegrown local, native investment in entrepreneurs.

It’s really a struggle to get the money to take risks, because there’s this shame connected with failure. If you’re in, you know, San Jose in the Silicon Valley, if you haven’t failed on a couple of businesses nobody will give you money.

Meanwhile, if -- trust me, if you’re in Syracuse, and you have a business fail, you better move out of town. So, you know, this is a cultural thing that I think has to be addressed, and it can be addressed, and that’s something that civic and corporate leaders can take a different attitude and work with the banking community and other communities to address that.

But this, you know, the direct services to these small businesses is such a high risk operation. Most of them are not starting anymore. Most chambers and economic development groups are not offering a lot of assistance to start ups. They’re offering much more assistance to those gazelles ready to jump companies because there there’s some hope that they're not going to be one of the 90 percent that fail. They're that next group that can employ a few people and grow.

MR. TURNER: My insight. Because I -- I started out as an economist and researcher and then became an entrepreneur. And the interesting thing is that it really is largely first an attitude because I was around entrepreneurs and it was a way of thinking. And it’s really the ability to see opportunities often times when other people don’t see opportunities, and that’s how you become an entrepreneur.

MR. BROPHY: That’s how it starts.

MR. TURNER: And the interesting thing I think is there’s largely a disconnect between the policy world and the business world, and the private sector in particular, because there’s often times just not an understanding of how businesses work and what goes on and I sort of see that more and more. And in our American Assembly discussions, we talked about how these cities were founded. They were founded by entrepreneurs. Pretty much every -- Cleveland, Detroit, all of them, by entrepreneurs, planting seeds and nourishing those seeds over time. And then people came. And so the -- but one thing that I think also sticks out is, of course, as was said before about nurturing businesses, and nurturing relationships, but I think part of that is just providing an atmosphere where there’s transparency about how things are done and regulatory issues, because there’s nothing that would probably cramp an entrepreneur’s style than to have a lack of transparency.

MR. FLEMING: Sometimes go into -- sometimes go into an entrepreneur’s small business store and look at the sign-in log at the front desk. Elevator inspector. Health inspector. Public safety inspector. Worker's comp inspect -- I mean, they spend an awful lot of their time just working their way through the crap.

MR. TURNER: It would be nice if you just knew which inspectors you had to talk to.

MR. BROPHY: I'm going to open it up for your comments, questions, either to the panel, to Jennifer, to Rick. We also have some authors in the room. Yes, sir. Please identify yourself and to whom you want to direct the question or comment. There's a microphone here that Megan has.

MR. BROOKS: Thank you very much. Jim Brooks, National League of Cities here in Washington. The question goes to one of the comments that was made in the report as it relates to taking advantage of the industrial legacy.

And I want to ask the panel how that notion about taking advantage of the industrial legacy buts up against the notion of a diversified economy strategy. That is to say, you've got so many of these cities for whom playing up the current industrial strategy is a dead end. Those jobs are gone and gone forever. And the notion that some thing -- sometimes what you have to do is completely shift gears and go with a very different strategy of diversifying your economy.

I want to hear the comments from the panel about their own experiences and how those two play off against each other.

MR. BROPHY: Let me ask Rick and then I want to ask Chris to comment as well, because you’ve got exactly that issue going on in Scranton.

MR. McGAHEY: (Off mike) Right. Yeah, but I mean I think there’s no easy way to generalize about that. When Detroit was up, its concentration looked like a good strategy, and now it looks like a bad strategy, so you can’t. The tricky part I think is what’s left behind and Detroit actually being a good case -- one of the more troubled (inaudible) is you have literally thousands of viable, strong small manufacturer plants. And what they're not going to do is supply things to Big Three auto assemblies with the scale they used to do.

So you either say nothing we can do there or you try and find it. And again, I don't think government can substitute for (inaudible) and green opportunities in sectors like alternative energy. Other places where that manufacturing capability -- new product development, et cetera. Pennsylvania just landed a wind turbine manufacturer from Spain. We don't have any American firms I think who do that. We've lost the lead on a lot of R&D that could help pave things in this sector.

So I think it's hard to generalize about that. But if you're reaching as (inaudible) we have to walk away from the economy that's characterized this that it's a long road back I would think.

MR. BROPHY: Mayor and then --

MAYOR DOHERTY: Yeah. If you look at Scranton or Reading or Allentown or Bethlehem, they all started under one industry. You know, it was the industrial revolution basically. And, you know, I would always remark that somehow in Scranton -- I'm sure it's true of all these other areas -- everything -- life started in 1902 or something. But everything -- that's the way it was and we were built this way. And everything is top down, and, you know, we're dominated -- you know, you don't want to fail your own town, because, you know, you're a failure to your father and then your grandfather and his grandfather, and you've shamed the family.

MR. FLEMING: Why don't you get a real job in a factory?

MAYOR DOHERTY: Yeah. And everything is a legacy. And what we've tried to do is we say all right. Listen. We've run the course. All right. You know everybody's left. So let's get over that. You know, coal is not coming back, and we aren't building rails anymore. So let's get over that, and let's start investing in ourselves and making ourselves nice. That we're -- we have pride in ourselves. I always say to the people in our city, you know, we're not stupid. We decided to come back here. We're all well educated. We went to good colleges. We make a nice living; have a nice house. Our kids are going to good colleges. We're good people. Why not invest in ourselves? But why not stand up and say yep, we're right here. You should come back here.

And once they come back, especially the

young people, we’ve -- like I’ve said, we’ve seen the increase of people from 25 to 35 coming back to our city.

We’re -- you know, the chamber of commerce cannot help young businesses, but cities can. We have money. Especially if you’re a block grant city, you have money at your disposal. You just have to decide do you want to take it away from the little leagues and the social service agency and put it into economic development.

We did that. We took a couple million dollars a year, and said we’re going to give it to young businesses, new businesses to come here.

That’s a choice we made. But entrepreneurs liked that. They said, “well, we know you’re going to partner with us.” And that makes more people want to come, but then they also know if the city’s behind it, if the mayor’s behind it, then they know it’s for real, because they can write checks. And they can make a difference.

MR. BROPHY: Mick?

MR. FLEMING: Yeah. A couple of things. One is that some of the statistics kind of lie here on some of the decline in manufacturing, and one of those things is just, you know, at one time it took like 40 percent of the population to produce all the food we need, and now it takes about one and a half to two percent of the people to make the food we need, but there’s more food coming out.

Manufacturing production in this country has only had like one year of decline in this whole period of supposedly industrial drop. And it -- exports, by the way, have grown almost every year since -- forever.

So there is certainly, you know, the question is how many people you need to do this stuff number one. And number two is should those jobs be under the manufacturing umbrella company. GE, for instance, you know, used to be this huge manufacturer, and, you know, a bunch of the jobs that they lost were outsourcing big parts of their work to the graphics houses, the research houses, and all these people that used to be GE employees. If they were GE employees, they counted as manufacturing. Okay?

If the GE plant is still there, even if it’s smaller in body count, it’s still serving all this stuff because it's still producing more stuff.

So the industrial -- it's not an either or. And the other thing is modern manufacturing, as Rick said, if you're still around, you are agile and extremely nimble and able to do what you got to do to stay in business or you're --

MR. BROPHY: I show another hand. Here and then I'll go here. Okay. Right here. Okay.

MR. THOMPSON: Hello. My name is Ken Thompson . I'm a psychiatrist at the University of Pittsburgh, and I'm here because I really care a lot about my city, and I've begun to understand that there are a lot of places like Pittsburgh, and I wanted to just -- and I hate to do this having you guys have just done so much work on this stuff, which looks wonderful, to add a little bit more work. But since we're talking about regions that are used to working, maybe that's not such a bad thing.

MR. BROPHY: Go for it.

MR. THOMPSON: Okay. So I have three quick things I'll just raise quickly. One is I think we have to pay a lot more attention to the casualties of the processes of deindustrialization and the things that have happened to communities and families and people in this region over the years. This is -- there are many more causalities that we need to address in a lot of different ways, some of which are health services, which we have a lot of, but are not necessarily very helpful in this particular area. So thinking about the people and the casualties that have occurred as a result of this process.

The second piece is related to that and it is -- it’s something you guys are alluding to, and I just wan to comment on it, and that is that there is clearly a mindset. There is a way that people have thought about the past, and different groups of peoples in these places have thought about both the past and the future that is at times very, very problematic. Some of it is very hopeful and helpful -- underlying values of solidarity, for example, contrasting with sometimes extreme racism, classicism, sexism -- issues that have been embedded as long ago as 1902 or even earlier -- that continue to impede I think progress. And I wonder how we would think more cleverly or more -- with greater wisdom about how to address this mindset that exists in these communities.

And then, thirdly, sort of related to this is I've noticed in looking to these communities that they tend -- what happens is that people become shameful. They become fearful and they hunker down and they very rarely look around them. You know, they're frightened to look around.

So the idea that you would actually link people together from these regions is a very hard sell. I don't really see this.

And, you know, the only place it comes up where people actually kind of unify is around sports and a few other things that kind of will draw people out. But otherwise, people are very hunkered down.

And I'm -- I just want to note two things that might be worthwhile exploring. One is activities that are going on in -- particularly in Europe in other deindustrialized regions -- it's not just Europe. Actually, now it's northern China as well -- and other parts of the world -- that we may want to actually learn from some places beyond the United States.

And two, there's a fascinating project that I don't know if people know about called GLUE. Have people heard about GLUE -- the Great Lakes Urban Exchange --

MR. FLEMING: Yes.

MR. THOMPSON: -- which is a bunch of young folks who are all saying we want to move back to these cities because we find them a challenge and a place that we want to make happen. And they're now redefining what exciting is by deciding that it’s important to try to rebuild these places.

MR. BROPHY: Thank you so much for the insights. Having lived in these places for many years and worked in them even longer, the issue you’re describing is an extension of the question I was asking about kind of the collective psychology in a place and how you move that psychology from one of kind of a sense of being depressed to one that’s more hopeful, a very crucial issue in trying to move toward more entrepreneurship and trying to move the whole mentality in a place.

MR. TURNER: Can I just comment just briefly?

MR. BROPHY: Sure.

MR. TURNER: First, I’d just like to

recognize my co-author and colleague, Laurel Davis, but then also just to say we have one required book in our company. It's "Who Moved My Cheese," because it's all about adjusting to change and almost really having again the willingness to recognize when things are changing, and then, you know, pulling the drive to adjust and change, because it is -- it's scary. It can be stress inducing. But it's not often necessary.

MR. BROPHY: Quick comment from Chris, from Rick, and then we'll go to two other questions.

MAYOR DOHERTY: I would say on that mindset being from Pennsylvania, you know, I think it's the baby boom generation is probably the last generation that will think this way. If you're in the industrial Northeast, I don't think my kids think this way. But we grew up always being distrustful of the people who owned the mines. And we knew who they were, because our grandfathers worked in the mines and my parents would say, you know, you have to watch out for them. They were the ones who -- they took advantage of us. So the risk. You're averse to risk. We always -- that's why the union mentality keeps on. We have to protect ourselves. We have to get -- stay together and protect ourselves, and don’t stretch. Don’t go beyond. Make sure we take care of our own, and it will work out. There will always be something there, but we’ll fight the owner of the mine or the plant, but we’ll get what we want. But don’t push it. You know, make sure you protect your -- so, insular. Now that’s changed. It’s in my generation -- it’s weeding itself away, and in my children’s generation, it’s definitely went away. But that’s why this is all important because they're the ones who are all graduated from college now. And they're the ones who are really going to see the difference, and they take it from leadership from us.

MR. BROPHY: Rick, quick comment?

MR. McGAHEY: (Off mike) I was born in the Peace Corps actually, so I know what you’re talking about. But the culture thing actually comes up a lot in places, and a few places, and this is actually a role of some regional philanthropy is starting to play in Cleveland, the Fund for Our Economic Future, which is a pool of kind of almost $60 million of (inaudible) money now, which is aimed at economic development. It turned out one of the things they found they had to deal with what's people's vision of the region. What are their hopes for it?

They did a lot of public meetings, a lot of engagement around that issue and new funding for Detroit (inaudible) economy initiative, all of a hundred million dollars, also philanthropic money. One of their three main things is this culture change an issue, because the kind of heroic message to well educated baby boomers, hey, you've created all this change -- all these new opportunities is, in fact, very disconcerting for working class folks or for African Americans and other folks who've been disconnected from the economy, which I think is very insightful comments.

And it's something that where regional philanthropy, at least where it exists, sometimes can play a role.

MR. BROPHY: We've got time for two more questions. I saw one here and one in the back. Let's go here. Thanks.

SPEAKER: Yeah.

MR. BROPHY: Could you identify yourself, please? Thanks.

MR. PARKER: Eric Parker , State Tax Notes, and really haven’t heard any tax stuff. I don’t know if this be, but --

MR. BROPHY: All right.

MR. PARKER: But a couple months ago, I read a column by Don Esmond in the Buffalo News criticizing the community leaders for not doing something to turn the industrial base there to building windmills. Have any of you seen that? And he was suggesting that it used to be Bethlehem Steel and other steel companies, and they have the knowledge. They have the factories. They could transfer them over, and they're not doing it.

Is anything going on in the Great Lake cities for that? And a second --

MR. BROPHY: I’m sorry. Just to be clear ---on wind power? I’m sorry.

MR. PARKER: Yeah.

MR. BROPHY: Okay.

MR. PARKER: Yeah. Wind power.

MR. BROPHY: Okay.

MR. PARKER: And the second question is is about incentives, whether it’s state or federal level, especially –well, you know, state level, local level types of incentives and on the federal level for Detroit specifically. Has anyone in the federal government suggested a billion, two billion, five billion, 10 billion, whatever, just to tell the big three, “okay, which ever one of you is able to come out with your whole fleet getting 50 miles a gallon or better like all the -- like the EU countries are requiring, like China’s even requiring, that will be a bonus for the first one that crosses the finish line?

MR. BROPHY: Okay. Let’s try -- anyone on either of those. I think the answer to the second one is no, but I’m not running the first one -- right. I think that’s no.

MR. PARKER: I’m just (inaudible) comes up in the way to do it and it doesn’t.

MR. BROPHY: Yeah, I don’t think so. But we got to -- Mick?

MR. FLEMING: There’s a couple things. One there hasn’t been a national -- kind of a national urban policy --

MR. BROPHY: Right.

MR. FLEMING: Urban development policy or energy policy to speak of, and, as a result, there hasn’t been this kind of thought about what could happen in some of these places. But, you know, the wind powered thing and all the other kinds of alternative fuel stuff, you know, eventually, although it could live with some subsidy for a while, eventually, it’s going to have to be market driven. And right now, it’s not very competitive, so -- and the other thing is, you know, they're going to keep making more and more -- we’re going to keep using more and more oil as far as the eye can see. So it doesn’t matter. I mean, you can make all the new windmills you want, and you’re still going to have to use a lot of oil. So that’s just the reality. But on the incentive thing, incentives in general, these older markets, they’d better have some for plumb, nice good jobs that can come to the -- to a region, they’d better be able to offer some incentives.

MR. BROPHY: Yeah, and I think one of the chapters in this book is making the point that the incentives are best used kind of in a cluster approach that tries to emphasize particular business strengths of clusters of businesses in addition to the kind of firm by firm piece.

A question in the back and then maybe time here. Yes, sir.

MR. KING: Sorry. I'm Arnold King, and I live in the Washington, D.C. area, and I have noted that there are a lot of (inaudible) that moved to other cities to D.C. and the South. And I'm also involved in my local chamber of commerce, the D.C. Chamber of Commerce. They got a committee that deals with communications and politics and so forth.

But my -- I have some questions. How does an industrial city deal with -- deal with strengths, weaknesses, opportunities and trends and also does each city have a political committee, in other words, a -- how can I tell you -- a legislative committee. That's my question.

MR. BROPHY: So the question is how are these old industrial cities kind of managing their politics related to this?

MR. KING: Yeah.

MR. BROPHY: Okay.

MR. KING: Their politics and trends.

MR. BROPHY: Jennifer, I wonder if you could speak to both the state issues that you describe and also the additional project here at Brooking on the federal work on metropolitan areas.

MS. VEY: Sure. Certainly at the local level when you talk about politics at the local level, it varies considerably from place to place and the dynamics therein. I think Detroit's come up a lot in this conversation, and it's a place you hear a lot of discussion about how a lot of the tentativeness within that region, for example, and a lot of the politics and a lot of the racial issues have really contributed to keeping the city down to some extent.

At the same time, you have other places -- efforts like what's happening in Cleveland, for example, that Rick mentioned, where you're starting to see a much more collaborative approach -- or Louisville is another great example where they made a conscious effort, first of all, through a voter referendum to actually combine their city and their county, which was the first major area to do that in several decades. And at the same time, so they not only joined up politically, but they also joined their chamber of commerce and their economic development functions under one umbrella, and are making a very concerted effort to try to deal-to deal with their politics, which had really stymied them for quite some time.

So at the local level, it varies considerably. Moving up to the state level, it’s -- you know, it’s the same thing. And you’re starting to see state leaders that are really starting to focus more on trying to -- on the importance of their regions, on the importance of their cities and trying to reinvigorate them.

Certainly in Pennsylvania I think you’re seeing some strides made by the governor to really focus on trying to promote the recovery and improve the competitiveness of these places. You’re certainly seeing a very political-different political environment throughout the Southeast and the West.

But again, it varies considerably from place to place.

Again, moving up the ladder, Brookings is now really is engaged in a major project focused on what we call the Blueprint for American Prosperity that actually focuses on what the federal government should be doing to really reinvest in its metropolitan areas. This isn't just necessarily its older industrial areas, but its largest metropolitan areas, which are really the drivers of growth around the country and, as has been mentioned here, the federal government has largely been adrift on these issues. They really haven't looked at the nation through a metropolitan lens and really recognized the importance of our metropolitan areas to our economy, and they certainly haven't acted in the manner that helps to promote their growth.

So through this initiative, we're really trying to both make the case for why our metro areas are so important and also develop a series of policies covering a wide range of ground that focus on promoting, you know, competitive growth, inclusive growth, sustainable growth, and we'll be rolling those out over the course of the next year plus that really try to propose bold solutions at the federal level, some of which take a cue from some of the innovative things that are happening at the state and the regional level as well.

So, you know, it's -- there's a lot

happening. There's a lot happening in our cities, a lot happening in our region. It certainly varies from place to place and the political environment certainly varies from place to place, but I think there's a lot that we can be doing to try to improve things.

MR. BROPHY: Thanks, Jennifer. Thanks for the question.

Before we break, I've asked Rick to simply identify the chapter authors who are in the room, because, as we break, for some refreshments, you may want to be picking their brain as well as those of the people on the panel and the editors.

MR. McGAHEY: I think I got (inaudible) here. Mark Turner and Laurel Davis. Mick is an author. Jennifer and I are authors, and I think Sherry and (inaudible) was here earlier. I know (inaudible) is here. Randall -- is Randall still here? Randall Kempner? He may be back later. Randall Kempner, who had -- and Hal Walman is here. And I think if there is any other chapter authors in the room, put your hand up. If I didn't see you, (inaudible).

MR. BROPHY: Thanks, Rick. Great. Let me

end with three thank yous. I first want to thank the panelists for their thoughtful comments. Thank you.

(Applause)

MR. BROPHY: And I want to thank Brookings for both hosting it and producing a book on time and as well as they did. And lastly, thank David Mortimer and Megan Wynn at the American Assembly for organizing this overall effort, being the kind of thought leader that you continue to be David and Megan and advancing what President Eisenhower began back in the ‘50s, an organization that really can create a form of national dialogue around very important issues, and it’s a major contribution, and we’re very grateful for it. So thank you.

(Applause)

MR. BROPHY: Lastly, there is a reception right across the hall. Please join us. Please enjoy the refreshments and thank you all for attending.

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